

SJR 8207, to lower the constitutional standard for increasing property taxes and imposing long-term public debt

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Key Findings

1. SJR 8207 would amend the state constitution by removing taxpayer protection. It would reduce the voter-approval standard from a 60 percent requirement to a 50 percent requirement to approve school bond levies for building and remodeling school buildings.
2. The 60-percent standard is an important safeguard in the state constitution to require a higher level of agreement before school officials can impose long-term debt on the community.
3. Like signing a mortgage, a decision to take on long-term public debt should require more than just majority support.
4. The 60 percent standard protects children and young people from being held back by a heavy financial burden imposed by debt taken on today.
5. The 60 percent standard does not prevent most bond levies from passing. For example, in 2017, 64 percent of school districts seeking bond levies received voter approval, resulting in \$2.1 billion in new funds.
6. Removing the 60 percent standard would remove a key incentive for officials to propose reasonable and affordable public construction projects.
7. The burden of debt in Washington state is already high. Taxpayers are currently paying off \$17.9 billion in existing long-term school bond debt.
8. The 60 percent standard protects families from regressive taxation, especially low-income families, the unemployed and the elderly living on fixed incomes.

Introduction

Lawmakers are considering SJR 8207, to amend the state constitution to remove the taxpayer-protection standard and make it easier for elected officials to increase local property taxes and impose long-term debt on the public.¹ The measure was introduced by Senators Sam Hunt (D-Olympia) and Lisa Wellman (D-Mercer Island).

If passed in each house of the legislature by a two-thirds vote, SJR 8207 would be referred to the voters at the next general election, in November of 2024. If approved by a simple majority of voters, the constitutional change would be enacted and current taxpayer protection would be removed. The governor's signature would not be required.

Text of bill

Senate Joint Resolution 8207 is drafted to allow local school districts to take on more long-term public debt to build, re-design or remodel school buildings. The measure would remove the popular voter-approval standard of a 60 percent requirement to impose public debt. The popular standard has been in place for 70 years, and has not prevented education funding from increasing.

With the taxpayer protection standard in place public school funding today is at record levels, over \$19.7 billion a year, and current per-student public spending, at \$19,000 per student, is higher than tuition at most private schools.²

1 "SJR 8207, Amending the Constitution to allow a majority of voters voting to authorize school district bonds," introduced December 8, 2023, sponsored by Senators Sam Hunt (D-Olympia) and Lisa Wellman (D-Mercer Island), at <https://app.leg.wa.gov/billsummary?BillNumber=8207&Initiative=false&Year=2023>.

2 "K-12 Public Schools: District Staffing and Finance Data, Statewide, 2017-23," Washington State Fiscal Information, at <https://fiscal.wa.gov/K12/K12FinanceStatewide>.

New local construction is subject to the state’s costly LEED green building standards and to union-based Project Labor Agreements. Both mandated state policies restrict competitive bidding on public projects and increase the cost of school remodeling and construction compared to similar projects built for the private sector.

School district bond levies sometimes fail because district officials propose so-called “Taj Mahal” building plans that are rejected by the community. Sometimes public construction budgets are exaggerated to provide financial benefits to contractors and other local interests.

The failure of a bond levy does not forbid public borrowing, however. It simply requires school districts to design and propose a more reasonable proposal. Local voters often approve a more affordable re-designed building plan.

For example, officials at the Peninsula School District recently met the 60 percent standard when they successfully asked local voters to approve a school bond levy for \$198 million, after voters had rejected a \$220 million proposal the previous April.³ In 2023, the Pasco School District passed its bond proposal,⁴ as did the South Whidbey School District.⁵

Taxpayers are currently paying off \$17.9 billion in existing long-term school bond debt.⁶

The lower standard proposed by the sponsors of SJR 8207 would remove a key incentive for officials to propose reasonable and affordable public construction projects.

Policy analysis

The 60 percent voter approval requirement is a safeguard built into the state constitution to prevent families, business owners, the elderly and other property owners from being overburdened by long-term public debt. The provision is directed at protecting children, young workers and young families, because financial burdens proposed by school officials today must be paid by future taxpayers.

SJR 8207 would lower standards by allowing school officials to take on long-term public debt more easily. For local officials, adopting long-term debt is politically attractive because they gain new revenue that benefits their budgets today, while shifting the debt, and added borrowing costs, onto people in the distant future.

An example of one such official is Tom Siegel (salary and benefits \$361,271 a year), superintendent of the Bethel school district.⁷ As an announced supporter of SJR 8207, Superintendent Siegel would stand to gain new revenue for his district budget today in exchange for creating a long-term debt burden for Bethel residents in the future.⁸

SJR 8207 proponents say the 60-percent standard presents a barrier to school construction. State data, however, shows this claim is false. In 2017, 64 percent of school districts that proposed a bond measure won voter approval at or above the constitutional standard, for \$2.1 billion in school bond funding.⁹

Even in Superintendent Siegel’s own district, voters approved a new \$443 million bond levy in February 2019.¹⁰

3 “Peninsula School District to seek \$198 million bond for new schools, upgrades,” by Jake Gregg, The News Tribune, November 9, 2018, at <https://www.thenewstribune.com/news/local/community/gateway/article221428590.html>.

4 “2023 Bond Projects,” Pasco School District #1, at <https://www.psd1.org/departments/capital-projects/2023-bond-projects>.

5 “Bond 2023,” South Whidbey Island School District, at <https://www.sw.wednet.edu/our-district/bond-2023>.

6 “Statewide Average Financial Tables and Charts, Table Twelve, Ten-Year Comparison of General Long Term Liabilities,” Office of Superintendent of Public Instruction, page 13 at https://ospi.k12.wa.us/sites/default/files/2023-12/2022-23_section_one_statewideaveragefinancialtablesandcharts.pdf.

7 “Final School District Personnel Summary Reports 2022-23 School Year, Office of Superintendent of Public Instruction, Table 15, page 129, at: <https://ospi.k12.wa.us/sites/default/files/2023-10/allpersonnelsummaryreport2022-23.pdf>.

8 “Failed Pierce County school bond revives supermajority debate,” by Drew Mikkelsen, KING5 News, November 16, 2018, at <https://www.king5.com/article/news/local/failed-pierce-county-school-bond-revives-supermajority-debate/281-615364483>.

9 “School District Property Tax Levies, Table 4,” Office of Superintendent of Public Instruction, page 10, at <https://ospi.k12.wa.us/sites/default/files/2023-08/levy18.pdf>.

10 “Pierce County Election Results, Special Election, February 12, 2019,” Pierce County Auditor, at <https://results.vote.wa.gov/results/current/pierce/>.

The high success rate indicates that, when local officials present the public with a convincing need, voters are willing to meet the 60 percent standard for approving new long-term debt.

Making it easy to borrow encourages administrators to neglect buildings, then seek to tear down and replace 30-year-old facilities that, with proper maintenance, could last 100 years. Easy borrowing rewards ineffective administrators who go to taxpayers for a bailout for their poor budget decisions. Such mismanagement is kept in check by the 60 percent debt standard.

The benefits of taxpayer protection

The 60 percent vote standard to pass school bonds is designed to protect families from heavy and regressive taxation. The burden of high property taxes falls hardest on young workers, low-income families, the unemployed and the elderly living on fixed incomes. The standard encourages home ownership, private savings and investment in family needs, especially at a time when the legislature has increased property taxes to provide record-level revenue to school district officials.

Super-majority vote requirements are rare, but they are used in a democracy as a safeguard, to require a higher level of public agreement. Like signing a mortgage, a decision as weighty as taking on long-term debt should require more than just majority support, particularly when many of those who will be burdened, children and other future taxpayers, are not able to participate in the decision.

Conclusion

The 60-percent standard represents an important safeguard in the state constitution requiring a higher level of agreement before school officials can impose long-term debt on the community. The provision is designed to protect children and young people from shouldering a heavy financial burden imposed by debt taken on today.

School construction debt lasts up to 30 years, long enough for school administrators today to impose a long-term tax obligation on their own students.

The 60-percent standard recognizes the political temptation of officials to propose long-term debt that will financially benefit their budgets today, while delaying the burden to the future, usually long after the beneficiaries of the spending have left office.

The 60 percent standard in the constitution is working as intended and should not be changed. The provision works whenever school officials present the community with a convincing need that gains enough votes to meet or exceed the standard. At the same time, it protects children and young families from being burdened with higher property taxes and excessive debt payments.

The 60 percent standard for passing school bonds is a successful policy Washington has had for over 70 years. The standard is a reasonable debt policy and taxpayer protection that serves the public interest.

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Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.

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